

**JIASHILI GROUP LTD:
LET SLEEPING DOGS LIE**

There is a number of aspects with regard to the flotation of Jiashili Group Ltd () (Code: 1285, Main Board, The Stock Exchange of Hongkong Ltd) that, for the discerning, prospective investor, he/she might like to take note:

- This biscuit manufacturer, in spite of being about 58 years old, only brought in a Bottom Line of about 24,902,000 renminbi in respect of the 2011 Financial Year, ended December 31; and,
- The Chairman's basis annual salary, excluding all other benefits that may well include Management bonuses, housing allowances, out-of-pocket expenses, and so on, has been increased by about 681 percent, from 160,000 renminbi to 1.25 million renminbi, effective immediately.

One might like to comment that the Chairman's basis salary was far too little in years past, in any event, and that it should have been increased a long time ago.

If that argument is to hold water, then, should one conclude that the financials, with regard to the 39-month, track-record period, ended March 31, 2014, was boosted by at least 1.09 million renminbi per annum due to the Chairman, taking only a pittance as his remuneration?

It would follow, therefore, that the Bottom Lines with regard to the 39-month, track-record period should be reduced by not less than 1.09 million renminbi per annum in order to take into account that which should have been a realistic annual salary for the Chairman in the past years.

No matter how one cuts it, the plain fact is that, the moment that Jiashili Group determined to seek the purple of a publicly listed company, up went the amount of the Chairman's wampum by a huge percentage.

And, effective immediately, minority shareholders will be paying the piper.

The Business of Jiashili Group

Jiashili Group produced its Global Offering Prospectus on September 15, 2014, Offering a total of 100 million, one-cent Shares at the fixed Offer Price Per Share of \$HK3.70.

The Company said that it wants to raise about \$HK320 million for the following purposes:

1. About \$HK130 million to be used for marketing purposes;
2. About \$HK30 million to be used for infrastructural investments;
3. About \$HK28 million to be used for research and development;
4. About \$HK100 million to be used for the *'repayment of the principal amount and the accrued interest under the convertible promissory note issued to Actis 151 (Actis Investment Holdings No. 151 Ltd) pursuant to the Investment Agreement'*; and,
5. About \$HK32 million to be tipped into the Working Capital Account.

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